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# MARKETING CONCEPTS IN PRACTISE

Case study: Company X

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## Marketing concepts in practise

### Case: Company X

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## ABSTRACT

The purpose of this thesis is to study what are marketing and business concepts, how marketing and business concepts can be used in designing concept changes, and how the concepts work in practice. The thesis is commissioned by Company X.

In the theoretical part, the thesis covers areas of marketing concepts and business concepts. Marketing concept includes the marketing research, market segmentation, and marketing mix. The business concept includes business strategies, strategic renewal models, brand image, and operational concepts of service business briefly.

The empirical part of the thesis consists of a qualitative case study. In the study the case companys concept change was studied under the models introduced in the theoretical part. Data was collected by unstructured interviews.

The study shows that marketing concepts are still used in designing new concepts.

**Key words:** Marketing concept, marketing mix, concept change

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## TIIVISTELMÄ

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Tämän opinnäytetyön tarkoituksena on tutkia mitä markkinointi- ja liiketoimintakonseptit ovat, kuinka markkinointi- ja liiketoimintakonsepteja voidaan käyttää konseptiuudistuksen suunnittelussa, ja kuinka konseptit toimivat käytännössä. Opinnäytetyö on Yritys X:n hankkeistama.

Teoreettinen osuus käsittelee markkinointi- sekä liiketoimintakonsepteja. Markkinointikonsepti osuus sisältää markkinointitutkimuksen, segmentoimisen sekä markkinointimixin. Liiketoimintakonsepti osuus käsittelee liiketoimintastrategioita, liiketoiminnan uudistamis malleja, tuotekuvaa, sekä lyhyesti palvelullisen alan operatiivista konseptia.

Opinnäytetyön empiirinen osuus koostuu laadullisesta tapaustutkimuksesta. Tutkimuksessa tutkitaan kohdeyrityksen kokemaa konseptimuutosta teoreettisen osuuden kuvaamien mallien pohjalta. Tutkimustiedon keruu suoritettiin epämuodollisilla haastatteluilla.

Tutkimus osoittaa, että markkinointikonsepteja ja markkinointimixiä voidaan käyttää konseptiuudistuksen suunnittelussa.

Asiasanat: markkinointikonsepti, markkinointimix, konseptiuudistus

## CONTENTS

1	INTRODUCTION	1
1.1	Background of the thesis	1
1.2	Study objectives and research questions	1
1.3	Limitations of the thesis	2
1.4	Theoretical framework	2
1.5	Research methods	3
1.6	Structure of the thesis	4
2	MARKETING CONCEPTS	5
2.1	Marketing strategy	5
2.2	The marketing concept	5
2.3	Marketing research	5
2.4	Market segmentation	6
2.5	Marketing mix	6
3	BUSINESS CONCEPTS	15
3.1	Business concept	15
3.2	Business strategy	15
3.3	Strategic renewal	16
3.3.1	New core business vs. a face-lift of the old	16
3.3.2	Blue Ocean Strategy	17
3.4	Brand image	18
3.4.1	Positioning	19
3.4.2	Brand identity prism	20
3.4.3	Brand crystalising	20
3.5	Operational concept of service business	20
4	SHOE RETAIL INDUSTRY	22
4.1	In Europe	22
4.1.1	Consumption	22
4.1.2	Buying habits, segmentation, and trends	23
4.2	In Finland	24
4.2.1	Consumption	24
4.2.2	Buying habits, segmentation and trends	26
4.2.3	Competitors	27

5	CASE STUDY: COMPANY X	32
5.1	Company X chain in brief	32
5.2	Company X in brief	32
5.3	Towards the concept change	33
5.3.1	Target customer groups	34
5.3.2	Product range	34
5.3.3	Store outlook face-lift	35
5.3.4	From design into practise	36
5.3.5	Marketing procedures	36
5.3.6	Online store	36
5.3.7	Competitive advantages of the new concept	37
5.4	The concept change in Company X	38
6	CONCLUSION AND RECOMMENDATIONS	39
6.1	Conclusion	39
6.2	Reliability and validity	40
6.3	Suggestions for future research	40
7	SUMMARY	41
	REFERENCES	42

## LIST OF FIGURES

FIGURE 1. Research framework	2
FIGURE 2. Structure of the thesis	4
FIGURE 3. The 4 P's of marketing (Adapted from NetMBA,2010b)	7
FIGURE 4. Intergrated marketing communications (Adapted from on Anttila et.al 1993, 236)	12
FIGURE 5. Value Innovation (BOS 2012b)	18
FIGURE 6. Shoe sales in Finland 2011 (PTY 2012, 33)	26

## LIST OF TABLES

TABLE 1. EU consumption of footwear 2004-2008, € million / millions of pairs (CBI 2010, 6)	23
TABLE 2. Shoe sales 2006-2011  (Adapted from PTY annual reports 2007-2012)	25
TABLE 3. Hypermarket SWOT analysis	28
TABLE 4. E-commerce SWOT analysis	29
TABLE 5. Shoe retail stores and chains SWOT analysis	31

# 1 INTRODUCTION

## 1.1 Background of the thesis

Marketing concepts are built and developed to satisfy the needs and wants of customers. In the competitive fashion industry, companies are forced to put more effort and thought into their marketing plans and means of attracting the customers in the first place.

The fashion industry has grown massively in the past couple of years. Younger generations are grown in an era where appearance is seen as an asset. People are constantly in touch with fashion. Magazine stands are filled with fashion magazines and television is filled with makeover shows where people with bad appearance are groomed to be more attractive. As media feeds us with laws of looking good, people are spending more money on their own appearance. As the target markets have grown, so has the industry.

As competition has become harder, businesses are forced to get back to the basics; business and marketing concepts. The importance of functioning marketing has raised its head partly due to stiffening competition and partly to tightening economical situation. Identifying target customers and their needs is crucial for both the customers and the businesses wallet.

Work as a sales assistant in Company X has caught the author's interest to conduct a study related to the footwear industry in Finland and to study the importance of business and marketing concepts in today's markets.

## 1.2 Study objectives and research questions

The scope of the study is to recognize what marketing and business concepts consist of and how those concepts can be used and utilized to meet changing customer preferences more effectively.

The main study objective is to analyse the steps taken in the concept change carried out in Company X in accordance with the marketing and business concept.



Research questions asked are:

- What are marketing and business concepts?
- How can marketing and business concept be utilized by companies?
- How do the concepts work in practice?

### 1.3 Limitations of the thesis

The thesis does not include economical matters related to marketing and business concepts in general nor in the case company's case. Figures – budgets, costs, profits – concerning the conceptual changes carried out in the case company are also not studied. The thesis mainly concentrates on the steps taken in the process of renewing and building a new business concept.

### 1.4 Theoretical framework

The thesis includes theory of marketing and business concepts. Figure 1 shows the research framework for the theoretical part of the thesis. It describes the relationship between basic concepts.

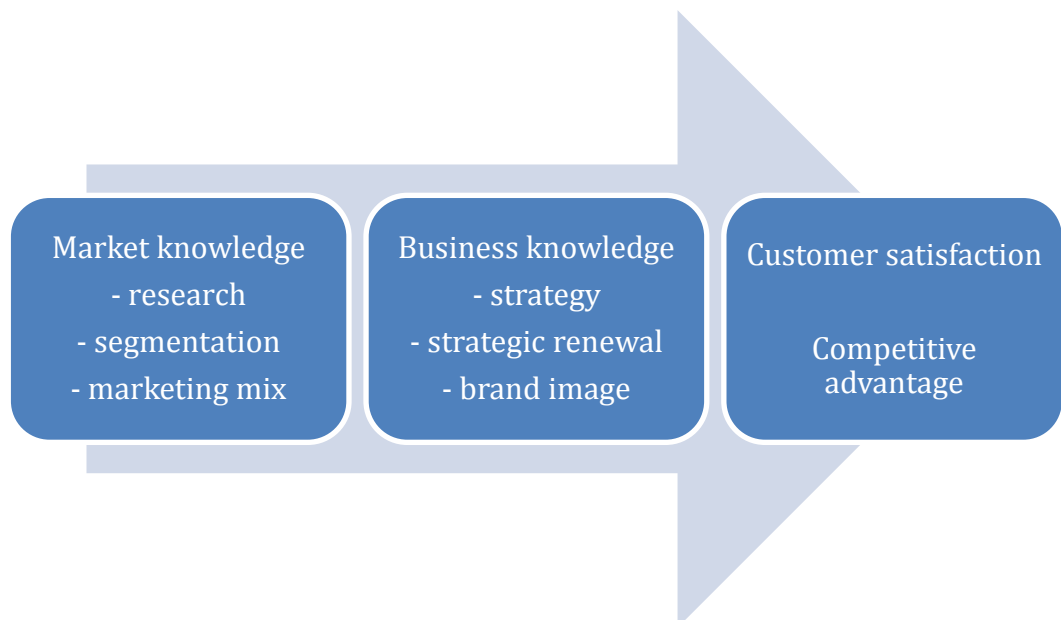


FIGURE 1. Research framework

In addition to marketing and business concepts, the theoretical part of the thesis briefly covers the footwear industries in Europe and in Finland.

In the theoretical part of the thesis, written sources of books and articles as well as internet sources are used as references in the research process.

### 1.5 Research methods

The empirical part of this thesis consists of a qualitative case study of a shoe retail store Company X. The study is deductive in nature as the case company is studied on the grounds of the common marketing and business concept models.

In this study unstructured interviews and conversations were used to obtain a wider picture of the concept change and the means taken to conduct the change in the case company. In addition, as the author is an employee at the case company, participant observation could also be used as a data collection method.

Unstructured interviews are direct interactions between the researcher and the respondent. Although the researcher may have some initial guiding questions or core concepts, the researcher and the respondent may freely move the conversation in direction of interest. However, the data collected through unstructured interviews may be harder to analyze as every interviewing situation is different and conversation topics can vary. (Trochim 2006)

Participant observation is one of the most common and demanding methods of qualitative methods. In participant observation the researcher becomes a natural part of the group, culture and context observed. With participant observation a clear picture of a natural phenomenon can be obtained. However, usually this takes years as it is hard for the researcher to become a natural part of an existing group. (Trochim 2006)

In this study, however, the researcher is already a part of the observed group as the researcher has worked in the case company for nine months. Before working in the case company, the researcher worked at [REDACTED] 11 months. The researcher has been a part of the concept change process in both stores. In addition to unstructured interviews and participant observation, chain handbook was used as a source material.

## 1.6 Structure of the thesis

The thesis consists of seven chapters as shown in Figure 2. Chapter 1 is an introduction to the thesis followed by the theoretical part in chapters 2, 3 and 4. Chapter 5 begins the empirical part of the thesis with an introduction to the case company followed by the study of the new concept of the case company. Chapter 6 consist of the the conclusions and suggestions of the study followed by Chapter 7 which concludes the thesis as a summary.

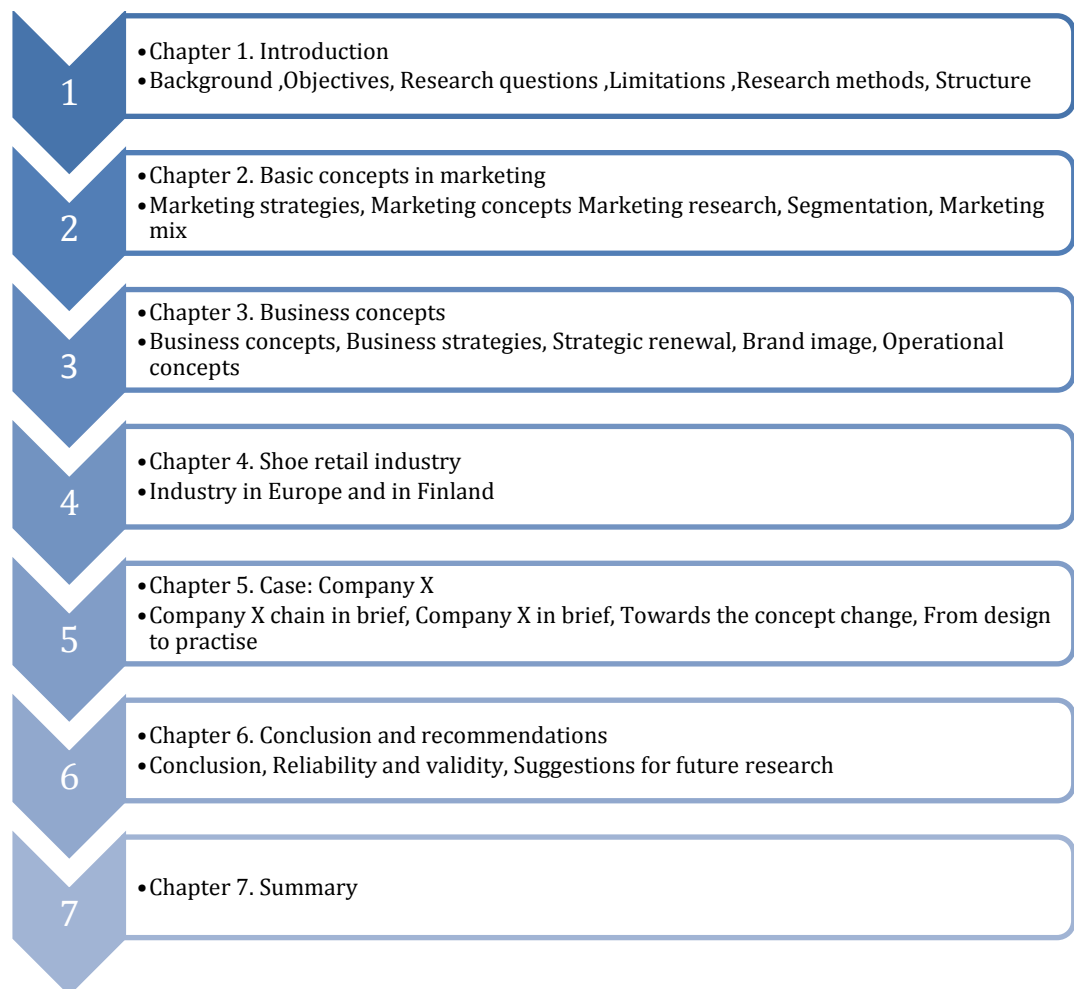


FIGURE 2. Structure of the thesis

## 2 MARKETING CONCEPTS

### 2.1 Marketing strategy

Marketing strategy beholds businesses all marketing goals. Marketing strategy is, ideally, built around market research to create an ideal product mix to achieve maximum profit potential. (Business Dictionary, 2012a) Marketing strategy is stated in businesses marketing plan which can be product specific, market specific or company-wide plan. Organizations market plan illustrates activities to be taken in achieving the businesses marketing objectives in a specific timeframe. First step to market plan is to perform a market research to identify specific customer needs and steps to fulfill them, while generating profit. Analysis of current market situations, action programs, budgets, sales forecasts, strategies, and financial statements are also included. (Business Dictionary, 2012b)

### 2.2 The marketing concept

The marketing concept is a philosophy which states that the key to achieving goals is to determine the needs of the target customers and to satisfy those needs more efficiently and effectively than competitors. The marketing concept does not target to maximize profitable sales volumes but to generate profits through customer satisfaction. Therefore, the emphasis is not solely on selling products but on selling satisfaction. (Chopra 2012, 239-240) The marketing concept resorts to marketing research, which defines the market segments, the size of segments, and the needs of the segments. In order to satisfy the needs of the target markets the marketing mix can be used to create a strategy. (NetMBA 2010a)

### 2.3 Marketing research

Marketing research is a method of obtaining a wide range of information and activities necessary to run a business. Marketing research covers gathering, recording, and analysis of information about transfer and sale of goods and services from producer to consumer. The objective of marketing research is to offer analyzed facts and knowledge in order to overcome problems and to make

the right marketing decision at a right time. Every company must research its markets, customers and competition in order to go in the right direction and be profitable. Continuous monitoring is the key in staying in the right course as markets can change rapidly and customer preferences and needs may shift away from the previous results. (Chopra 2012, 242)

## 2.4 Market segmentation

A market holds a large number of individual customers who have different needs, preferences and buying habits and capacities. Market segmentation is the division of this total market into different customer groups. Each customer group has characteristics that include the customer into the specific group. Not only does marketing segmentation enable a company to match their marketing effort to the needs of the target market, marketing segmentation also shows which customer groups not to target. Market segmentation can be done on the basis of geographic, demographic, psychological, and behavioural variables. (Chopra 2012, 243-244)

## 2.5 Marketing mix

Marketing mix describes the set of tools that can be used to impact sales.

Although Neil H. Birden used the term marketing mix in his teaching already in the late 1940's, the term popularized in 1964 after Bordens article "The Concept of the Marketing Mix". Bordens marketing mix included product, planning, pricing, branding, distribution channels, personal selling, advertising, promotions, packaging, display, servicing, physical handling, and fact finding and analysis. It was E. Jerome McCarthy who later compressed Bordens marketing mix into the 4 P's of marketing that are known today; product, price, place, and promotion. (NetMBA 2010b)



FIGURE 3. The 4 P's of marketing (Adapted from NetMBA,2010b)

Figure 3 shows what is included in the 4 P's of marketing. The figure also shows that although Bordens initial marketing mixture was compressed to the 4 P's, the model still includes the same ingredients of marketing as before. Because marketing has moved to be more integrated into organizations rather than just being marketing concepts of physical products, some authors have suggested that more P's should be added to the mix; packaging, people, process, etc. (NetMBA 2010b)

In his article "The 7 P's of Marketing", Brian Tracy adds packaging, positioning, and people to the already existing 4 P's. Tracy emphasizes the importance of continually revisiting and reevaluating the 7 P's in order to stay ahead of the rapidly changing markets. (Tracy 2004)

### *Product*

Product can be defined in many different ways. In marketing, product means the physical products and service offered, and the ideological actions of the company. In this definition the product is the shop, industry product the manufactured goods, and organizations product an event or campaign organized. Often product is defined as the benefitting factors that a customer gets when purchasing the product. In this definition the customer and the benefits of the product is very much highlighted. (Anttila&Iltanen 1993, 21)

When purchasing a product, consumers expect to benefit from it. The expectations are based on their own needs and the product is purchased to satisfy those needs. Consumer needs can be divided into three main categories; functional needs, symbolic needs, and experimental needs. The functional needs relate to consumption and the consumers problems related to consumption. The symbolic needs are based on the consumers internally generated needs that relate to self-image and social behavior. Experimental needs are based on enjoyment, experience, and desire of change. (Anttila et.al 1993, 22)

As product is the most important piece of the marketing mix it is advisable for companies to develop a habit of looking and evaluating the companys actions through an outside marketing consultants eye. Asking critical question relating to the products or services provided is the key. Forgetting to assess the need, appropriability, and suitability of provided product or service in the present markets can be crucial. (Tracy, 2004) The product lifespan is continuously shortening in today's markets. Therefore it is crucial to continuously develop the products and services offered so that the needs of consumers can be fulfilled and solutions to consumer problems can be provided. (Anttila et.al 1993, 21)

### *Price*

Price is defined as the price of the products and services provided. It includes all of the pricing related matters such as the retail prices, volume discounts, terms of payment, seasonal discounts, and credit terms. Price is usually seen as both the easiest and the hardest mean of competition at the same time. It is easy to compare prices with competitors selling the same products or services. However, the hard

part is to figure out with what price the profit margin and profitability will be kept on the pursued level of the company. Too low pricing may mean low profit whereas too high pricing may mean that a company prices itself out from the markets. Due to possible price wars, companies are careful with using price as a competitive mean. Other means such as quality of the product, quality of the service, terms of payment, and marketing have gained more meaning. Recognizing and selling also the strengths of the company can influence the price. (Anttila et.al 1993, 173-174)

Examining and evaluating prices regularly is a key to success. Companies should not be afraid to revise their prices and to recognize that the current pricing structure may not be ideal for the current market. (Tracy, 2004)

### *Place*

Place means the availability of the product and service sold. This includes the marketing channels used as well as the physical distribution of the goods (transportation and warehouse). Availability means removing obstacles between the company and the customer or between the product and the customer so that the commodity and the customer meet. Well organized distribution guarantees that the commodity is at the right time, at the right place, at right quantities, and at a reasonable price available for the customer to purchase. (Anttila et.al 1993, 208)

The meaning of place and availability depends on the industry in question. For manufacturing industry the key is to get the product available for customers as efficiently, economically, and comprehensively enough. For retail trade, the goal is to remove the obstacles between the shop and the customer. This means the accessibility of the place of sales (shop) and the accessibility of the products at the place of sales. The accessibility of the place of sales is influenced by location in the customers' passageway, parking possibilities, opening hours, and other contact connections such as telephone and email. The accessibility of the product at the place of sales is influenced by how the products are situated in the shopfloor and how the products are placed to customer circulation. (Anttila et.al 1993, 209)

Choosing the right marketing channels is crucial yet limited. Marketing channel decisions always have two parties; the seller and the buyer. Both have their own



goals related to the decision making and a deal can not be established if both parties are not involved. Before choosing a marketing channel, the company has to be aware of how the product is bought, when the product is bought, where the product is bought, and who makes the purchasing decision. Marketing channels should always be built backwards starting from the end customer. In their book “Markkinointi” Mai Anttila and Kaarina Iltanen state that revitalizing and examining companies marketing channels become relevant when

- a new company or a product comes to the markets
- product reaches a new life point (new competition)
- new target group is chosen
- present marketing channel choices are made ineffective by competition
- the structure of marketing channels changes or new channel possibilities arise
- marketing strategy is changed
- expenses force to eliminate customers
- legislation or institutional factors impacting the distribution change.

Decisions concerning marketing channel choices are to be made with care and consideration as they are strategic decisions. (Anttila et.al 1993, 2011)

Although decisions concerning place should be made with care, truthfully examining and analyzing the present channels and the place of sales used is important. In order to understand companies present and potential customers and company turnover it is crucial to ask “Are you in the right place?” (Tracy 2004)

### *Promotion*

*I don't know who you are. I don't know your company. I don't know your company's products. I don't know your company stands for. I don't know your company's customers. I don't know your company's record. I don't know your company's reputation. Now – what was it you wanted to sell me? (Anttila et.al 1993, 231. Translated by author)*

Promotion includes the means taken to inform the customers of the products and services provided, including personal selling, advertising, sales promotions, and public relations. It is said that a product is completed when customers know it

exists, know its quality and features, react to it positively, and buy it. Without knowledge there can not be demand. Promotion enables product awareness, positive attitudes and buying decisions. (Anttila et.al 1993, 231)

Marketing communications are always purposive and goal-driven. The goal is to generate a change in knowledge or attitude, or to generate a buying decision in the receiver. Marketing communications is interaction between the company and its stakeholders, and the purpose is to influence the sales of the sold commodity, either vicariously or directly. (Anttila et.al 1993, 232)

Traditionally, marketing communications is divided into four categories: personal selling, public relations, advertising, and sales promotions. While personal selling and sales promotions are focused to sell the company's products, advertising aims to create positive image over the company and products by informing the customers. In addition, advertising strives to attract new potential customers. Public relations, on the other hand, aim to maintain the support and understanding of already existing interest groups. (Vuokko 2003, 168-278) Over the years these four tools have gotten company from direct marketing, sponsorships, and internal marketing tools. The tools should not be seen as individual but as an integrated whole. (Anttila et.al 1993, 236)

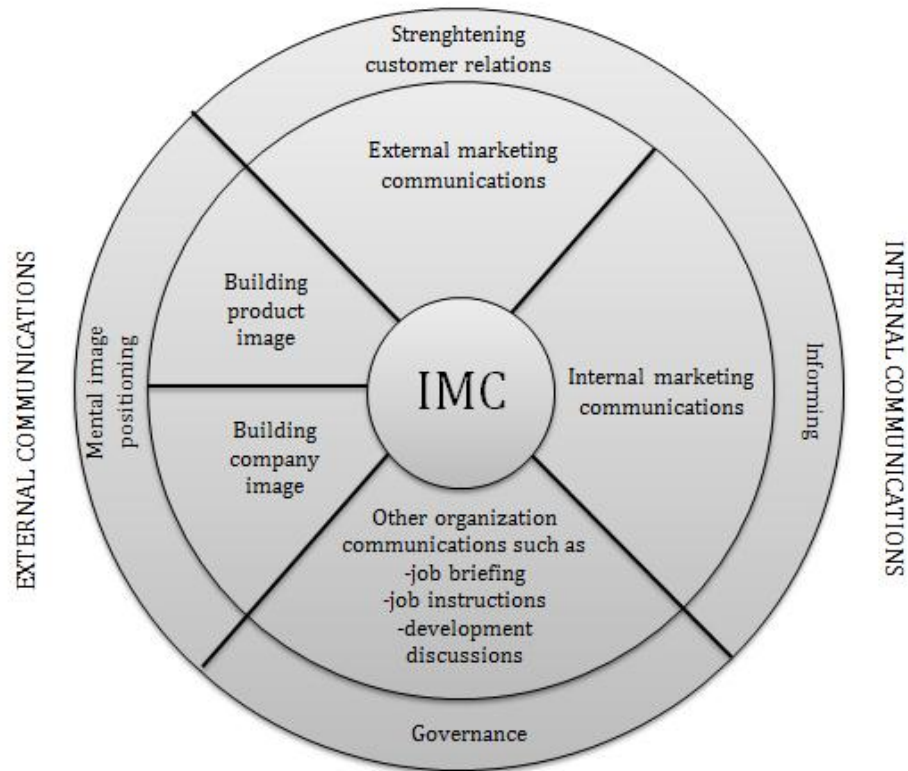


FIGURE 4. Intergrated marketing communications (Based on Anttila et.al 1993, 236)

Figure 4 shows the intergrated marketing communications model. Intergrated marketing communications (IMC) is an approach of communications where different tools work together as a whole. IMCs goal is to create a synergy advantage where communication tools support eachothers in order to reinforce the core message. With the IMC a company may

- built mental image positioning to the company name and products
- create, maintain and reinforce customer relations
- adapt to market environment changes and may even guide change.

The most significant difference between IMC and a traditional marketing communications is the starting point of the plan. In IMC the plan starting point are the present and potential customers whereas traditional marketing communications emphasize company sales and profit goals. Segmentation becomes crucial. (Anttila et.al 1993, 234-237)

In IMC customer behavior is used as the basis to the segmentation. Using customer behavior as the starting point to planning ensures customer behavior in the future more certainly than different intentional and attitude approaches. (Anttila et.al 1993, 242)

Even the smallest changes made to marketing and to the way company promotes itself may lead to drastic results in for example profits. Both large and small companies experiment with advertising and promoting with an intention to increase sales. Tracy offers a crucial rule to all companies: What ever method of marketing and sales you're using today will, sooner or later, stop working. Continually renewing and searching for new methods and strategies of marketing is essential in survival. (Tracy 2004)

### *Packaging*

The fifth element of the marketing mix is packaging. Packaging has many levels as it refers to the outlook of the company's product or service sold, to the appearance of the personnel, office, brochures, correspondence, and every visual element about the company. Everything visible affects customer's confidence and mental image over the company. Customers form their first impressions over the company within the first 30 seconds of seeing the sales person or some other element of a company. For example if a salesperson is physically in contact with the customer the salesperson should possess a high level of confidence and credibility. If the salesperson does not know the product, hesitates and is not on top of the sales situation, there is a lack of confidence which may affect the customer negatively. (Tracy 2004)

Scrutinizing the visual elements through the eyes of customers is a key to success. Going through the customer contact process from the beginning when the customer enters the store through the purchasing process to the cashier companies can make visual changes to the things that the customer sees. (Tracy 2004)

### *Positioning*

The sixth element of the marketing mix is positioning. In his article "The 7P's of Marketing" Brian Tracy introduces a book called Positioning. In the book the

authors Al Reis and Jack Trout state that the most critical determinant of success in a competitive marketplace is how the company is seen and thought about by the customers. According to attribution theory most customers link a single attribute, positive or negative, with a company. Whether the attribute is “service”, “quality” or “unethical”, how established that attribute is in the mind of the customer determines whether the customers will buy the product or service and how much they are ready to pay for it. Changing the company positioning is not impossible but requires hard work from every participant. Having a clear vision over what is the company's present position and what would be the ideal position is the key. (Tracy 2004)

### *People*

The seventh and the final element of the marketing mix is people; getting the right people to the right jobs. In his article “Good to Great” Jim Collins points out that the best companies get “the right people on the bus, and the wrong people off the bus”. The second step is to “get the right people in the right seats on the bus”. Companies may use countless hours on making plans and strategies but forget to pay attention to the people who carry them out. In terms of success the most important factor is the ability to select, recruit, hire and retain the right people with the right skills and abilities. (Collins 2001) If a company fails to have the right people in the right places doing the right assignments it may not be possible to move forward. Acknowledging the weak links and recognizing the potentials in people brings along opportunities. (Tracy 2004)

The 4 and the 7 P's have been criticised to present more of the seller's point of view than the customer's. Robert Lauterborn has suggested that before companies utilize the 4 P's, they apply the 4 C's of marketing. The 4 C's of marketing are customer value, customer costs, convenience, and communication. It has been argued, that only after taking a closer look at the 4 C's from the target customer's point of view can a company truly utilize the 4 P's readily. In addition, Philip Kotler has argued that the 4 P's could be renamed. Kotler's vision of the 4 P's is configuration, valuation, facilitation, and symbolization. (Kotler 2003, 91-94)

### 3 BUSINESS CONCEPTS

#### 3.1 Business concept

The word concept refers to the planning and executing of business activity in terms of the businesses spirit and the desirable brand image. The detailed business concept is a functional and concrete outcome of a business idea. (Sammallahti, 11) Marketing is a way of reaching the target consumer groups through different channels. However, before a balanced business concept can be developed or is developed, the strategy of the business has to be clear.

#### 3.2 Business strategy

Business strategy is a long-term plan of achieving goals and objectives of the business through different actions. A well structured business strategy, however, does not guarantee success. The key to good business strategy is to be able to adapt to unforeseen circumstances and to be able to develop the strategy to a new direction. Businesses that trust their business strategy whole heartedly are weak. A business strategy is more than just a timeline of activities to be taken.

World known strategy guru Henry Mintzberg defines business strategy as follows:

- Strategy is a purposive plan of the future of the business.
- Strategy means the consistent, thus not always planned ahead, actions.
- Strategy is the businesses chosen position in the markets.
- Strategy is a vision of the businesses future state.
- Strategy is a business economical scheme. (Sammallahti 2009, 27)

Nearly every field of business is filled with service providers selling the same services to customers. Businesses are feeling the pressure of competition which is seen as low profit or even unprofitable business activity. The continuous battle to survive takes its toll on productivity and employees, and may even narrow the perspective of business activity. In developing a new business or renewing an old one it is crucial to stop and think the businesses strategic choices. (Sammallahti 2009, 27)

### 3.3 Strategic renewal

*Some decide to defend the status quo. Others want to transform their companies all at once through a big merger. Some leap into a hot new market. Such strategies are inordinately risky. The companies we found to be most successful in remaking themselves proceeded in a way that left less to chance. (Zook 2007, 154)*

Many businesses operate in fields where services, prices and business procedures are rather similar. Finding a new, totally monopolistic line of business is practically impossible. When the businesses old strategy is heading for its end, it is important to study how to find a new core activity. However, recognizing when to start renewing company strategies is not a piece of cake. Drops in profit margins, market saturation, and an old, formal and fubling organization may be signs of needed change. (Sammallahti, 28) Whether to move towards a whole new core business or conduct a face-lift on the old one is the crucial decision to be made.

#### 3.3.1 New core business vs. a face-lift of the old

When conducting any conceptual and strategic changes companies have to consider tons of facts before making any decisions. Whether concentrating on a whole new core business or brightening the old core business, companies have to study their own operations. Base for the decision making may be reached by studying concealed assets and know-how in the company, studying the initial core business and strategies that may have been forgotten, assessing the current operations, assessing the long-term yield expectations of different fields of business, studying the possible opportunities and threats of new technology, and assessing the company culture.

If a company decides to proceed with a new core business the path will inevitably acquire capital from the company. Investing in new know-how, increasing the current personnels know-how, and investing in economical resources is crucial and may get costly. However, brightening the current core business of a company is not free either.

Although the competition in many fields of business is hard, there are companies that are able to generate profit and operate reactively towards other businesses in the field. The core competensien in outperforming competition may lay in less radical business alignments. Businesses can reinforce their core business by focusing their assets, holding up better quality and technology than their competitors, offering diverse side services, company purchase, and tightening production costs in order to offer lower prices. In renewing an existing core business the companies make a conscious decision to develop thei operations in their strongest field of know-how. However, finding businesses core competences is not always an easy task. In addition, unprofitable business operations are not always due to bad strategy and business concepts. Before starting the process of renewing the initial business concept and strategies, companies have to evaluate their own actions concerning execution and governance. A business concept and strategy is only as strong as its weakest link. (Sammallahti, 29)

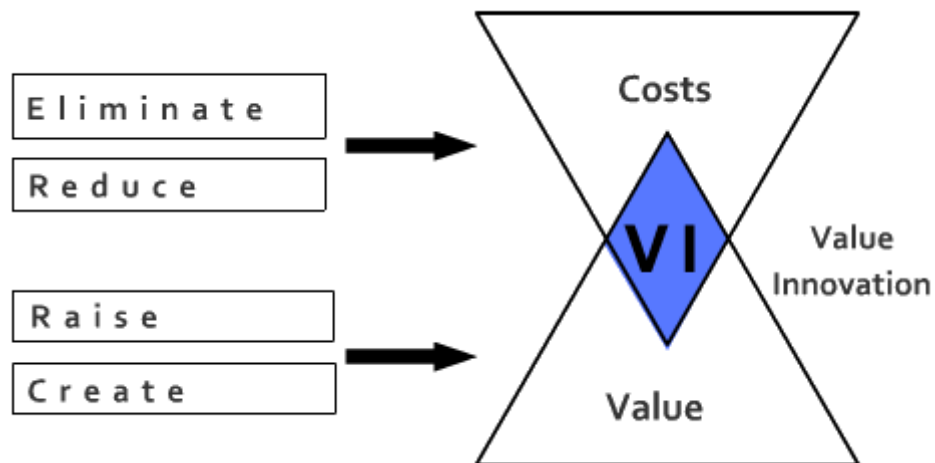
### 3.3.2 Blue Ocean Strategy

In 2005 the Blue Ocean Strategy – book by WChan Kim and Renée Mauborgne caught everybodys attention. In their publication Kim and Mauborgne argue that the key to success is to create uncontested market space called “blue oceans”. Blue Ocean Strategy emphasizes the importance of making competition irrelevant. Kim and Mauborgne introduce a six principle path to formulate and execute the strategy; reconstruct market boundaries, focus on the big pisture, reach beyond existing demand, align strategic sequence, overcome organizational hurdles, and build execution into strategy. The cornerstone of Blue Ocean Strategy is “value innovation”. (BOS 2012a)

Value innovation is considered to be the cornerstone of BOS. Figure 5 elaborates the steps and the outcome of the value innovation process. The objective of the process is to create differentiation and low costs. The value to customer comes from the benefits of the product minus its price, and for the business, the value comes from the price of the product minus its costs. Therefore, for the value innovation strategy to be achieved, the price and the costs have to be aligned. The outcome of the process is a market space, or a blue ocean, where competitors are



irrelevant. (BOS 2012b)



*Figure 5. Value Innovation (BOS 2012b)*

Basically value innovation is a service innovation, where new services or products are produced at a lower price than the competitors. By abandoning competition with competitors in the same markets with the same products a company can save the money, time and effort put to the competition. The company can eliminate unnecessary service segments and concentrate in developing the most attractive components to the top. The value innovation forces companies to really study what they are best at and to focus their attention and operations to that component. The value to the customer is obvious; lower prices. The value to the company may come from narrowed product selection, smaller rental costs, and more profitable products, in new service products and in wider target markets. (Sammallahti, 28)

### 3.4 Brand image

Every trademark is not instantly a brand. A trademark develops into a brand when customers recognize the product and a common mental image over the product is developed. When a product is desired to be developed into a brand the objectives are to distinguish the product from other similar or competing products, be more desirable and significant. (Sammallahti 2009, 69)

In order to reach the objectives three main issues are demanded; clear starting points to brand development; thorough brightening of brand identity; and guiding the brand activities according to the identity. At this point, it is important to

separate identity and image from each others. From brand point of view it is desirable that identity and image meet, but when talking about building a brand these two should be separated. Brand identity is companys own definition to the trademark and defines brand behavior. Brand image, on the other hand, is customers own conception over the trademark or brand. Brand should not be built on the basis of customers conceptions but it should reflect customers' mental image. However, customers' mental image or conception over a brand can not be wrong. Companies should reevaluate their brand identity if the customers' conception and companys brand definition do not meet. (Sammallahti 2009, 69)

The causes for differentiation may come from too indefinite brand identity, or from the fact that the brand identity has not been fulfilled in service actions and communications have not been consistent to objectives. In this context communication means brand actions, ergo operational concept of service which includes marketing communications. The purpose of identity is to function as a brand DNA. The identity functions as a base for service concept which takes into consideration all five senses of customers. When the brand identity is well structured and built, the operational concept can be consistently planned. (Sammallahti 2009, 69)

The starting point to brand development is to response to targeted consumer groups' needs, both mental and physical. Brand is created and its reputation is built to develop business activities. The creation process of brand identity can be divided in to three steps: positioning, brand identity prism, and brand crystalising. (Sammallahti 2009, 70)

### 3.4.1 Positioning

Positioning means allocation: to whom and for what need is the service developed for? If there are more than one target groups the common and differing needs of the groups should be recognized. Although the brand identity is the same for all groups, the channels of communication may be different. Different target groups use the same service for different reasons; therefore, the focus points of communication vary from group to group. (Sammallahti 2009, 71)

### 3.4.2 Brand identity prism

The identity prism is divided into six definitions. The first three tell about the pursued self-portrait of the brand; personality, physical qualities and culture of activities. The three last tell about the pursued customer conception of the brand; customers self-portrait when using the service, customers conception over the service and people who use it, and the relationship with the customer. When ever a company is thinking about, for example, physical changes to the stores or changes to marketing and sales activities the decision makers should always come back to the six definitions of identity prism. If the identity prism is used and challenged the answer whether it is appropriate to use new tactics comes spontaneously. The more closely the six definitions are registered and opened up to the personnel, the more likely it is that the operational concept can execute the wanted brand image. (Sammallahti 2009, 71-76)

### 3.4.3 Brand crystalising

Brand crystalising is the main message of the brand found by summarizing the idea. This main message of the brand is used in marketing and should be in the back of the heads of every member of the personnel. It is the key message that a company wants to forward to its customers. (Sammallahti 2009, 77)

## 3.5 Operational concept of service business

The operational concept of service business consists of eight pieces: reputation, price, people, product, physical frame, processes, availability, and sales operations. All the pieces help to develop and build the overall reputation of the service product. The basis for the division comes from the a defined path that takes into consideration the companys starting point, strategies, defined customer groups, and brand identity. The operational concept is designed to respect the brand image and executed so that the chosen customer groups' needs are fulfilled. The interaction factors between people as well as activities and devices blend together the eight pieces of the operational concept. The governance of linking together the corporeal and incorporeal factors is called service design. (Sammallahti 2009, 79)

The objectives of service design processes is to find ways of make the language of technical devices, messages, sounds and shapes to support the desirable brand identity. Service more than just a singular moment or event with the customer. Service includes all the eight pieces of the operational concept of service business and the service continues although the physical service situation might be over. (Sammallahti 2009, 80)

## 4 SHOE RETAIL INDUSTRY

This chapter will briefly go through the size and trends of the footwear markets in Europe and in Finland. In addition, competitors in the Finnish market are briefly gone through.

### 4.1 In Europe

The global footwear markets are massive. In this study, however, takes a closer look at the European markets as they still remain the largest single market for footwear in the world. In addition, the European markets are probably the most comparable to the Finnish footwear markets.

#### 4.1.1 Consumption

Between years 2004 and 2007 the global consumption of footwear indicated steady growth. However, due to the global recession the growth slowed down in 2008 and the EU and Russian markets shrunk while Asian and Brazilian markets continued to grow. Despite the contract of the market, the EU remains the largest single market for footwear in the world. In 2008, the global footwear market was estimated at € 151 billion with the EU counting for € 49 billion. After the EU the main global markets were USA with € 47 billion, China with €19 billion, Japan with € 14 billion, and Latin America with € 16 billion. (CBI 2010a, 6)

Table 1 below shows the total sales values and volumes of EU countries from 2004 to 2008. The countries are in order from the largest country market to the smallest in terms of value. The five largest country markets are Germany, France, United Kingdom, Italy and Spain. Together these five country markets represent 71% of total EU consumption. From the other end of the list the three smallest markets are Malta, Cyprus and Estonia, both in value and in volume. (CBI 2010a, 7)

TABLE 1. EU consumption of footwear 2004-2008, € million / millions of pairs (CBI 2010, 6)

	2004		2006		2008		Average ann. % change in value	Consumption per capita	
	value	volume	value	volume	value	volume		€	pairs
<b>Total EU</b>	<b>48,713</b>	<b>1,972</b>	<b>49,502</b>	<b>2,076</b>	<b>49,231</b>	<b>2,098</b>	<b>0.3</b>	<b>100</b>	<b>4.2</b>
Germany	8,715	322	8,455	323	8,569	330	-0.5	104	4.0
France	8,277	350	8,381	349	8,356	352	0.2	134	5.7
United Kingdom	7,993	329	7,986	333	7,946	331	-0.2	129	5.4
Italy	6,203	248	6,321	295	6,195	279	-0.1	126	5.2
Spain	3,907	137	4,224	142	4,110	140	1.2	101	4.5
Netherlands	2,369	65	2,387	67	2,224	68	-1.6	121	4.7
Poland	1,678	134	1,713	139	1,899	156	3.1	52	3.0
Belgium	1,208	39	1,256	38	1,247	38	0.7	115	3.9
Greece	1,193	33	1,248	35	1,232	37	0.8	118	3.9
Austria	1,095	29	1,129	32	1,022	30	-1.8	130	3.8
Sweden	858	33	994	41	1,013	41	4.2	113	4.4
Portugal	948	43	963	49	954	48	0.0	90	4.3
Romania	691	45	762	49	759	50	2.4	36	2.4
Denmark	694	20	699	23	718	24	0.9	129	4.4
Finland	618	17	624	18	631	20	0.5	119	3.8
Czech Republic	458	32	479	37	477	39	1.0	46	3.8
Ireland	442	20	458	22	457	22	0.8	104	5.0
Hungary	301	23	313	25	312	25	0.9	31	2.5
Slovakia	241	13	243	14	249	16	0.8	46	3.0
Bulgaria	217	11	232	14	229	17	1.4	30	2.2
Slovenia	176	7	181	7	184	8	1.1	92	3.4
Lithuania	158	7	165	8	163	9	0.8	48	2.9
Latvia	89	5	94	6	92	7	0.8	40	2.8
Luxembourg	63	2	66	2	68	2	1.9	136	4.0
Estonia	49	3	55	3	53	4	2.0	41	3.0
Cyprus	49	3	50	3	49	3	0.0	86	3.8
Malta	23	2	24	2	23	2	0.0	94	4.1

#### 4.1.2 Buying habits, segmentation, and trends

The EU footwear market is undeniably important market for global footwear trade. Romania and Bulgaria brought 30 million consumers to the EU when the countries were added as new Member States in 2007. The wealth enjoyed by western EU countries is spreading to new Member States and, as a result, more fashionable, quality footwear is purchased in the new Member States. In many cases, EU consumers buy footwear for other than basic necessity. (CBI 2010a, 8)

The segmentation methods for all EU countries can be divided in three: by user, by lifestyle, or by price / quality. Segmentation by user divides the market to women, men, and children and teens. Women are undoubtable the most important segment for footwear in the EU. Women represented approximately 57% of footwear value sales in the EU markets in 2008. Generally women spent more on footwear by having various pairs of shoes for various occasions. Men represented around 26% of footwear values and children and teens around 17% in 2008.

Despite the economic down swirl, new trends keep moving the footwear markets forward. Some new trends are a result of the crisis; others are not remotely related to it. Trends are becoming more universal as trends cross borders quickly. One of the most important trends seen in the EU at the moment is a result of the recession. As many consumers saw their incomes reduced by the economical downturn they were forced to change their lifestyles and make cutbacks. Although the markets are starting to recover, consumers are going to continue to seek value for money as a priority for a while and limit their expenditure on luxury goods. (CBI 2010a, 13)

Another trend looming in the EU is the ageing population. An increasing number of consumers in many of the EU countries are over 55 years old. This means that the demand for more comfortable footwear is increasing. The third of the most important trends is eco-fashion. As consumers are becoming more environmental aware the interest towards eco-fashion has increased. Consumers are interested in the materials used and on how the shoes are produced. (CBI 2010a, 13-14)

## 4.2 In Finland

Finnish shoe retail industry is going through a change. Consumers are increasingly conscious about their own appearance and interested in new trends, fashion and brands. Young adults are experimenting with different styles, influenced by fashion, the media and by their own role models. Individual style has become a currency in the markets where people are offered with hundreds of options to choose from. In addition, younger consumers are spending more money on clothing and footwear than before.

### 4.2.1 Consumption

The footwear market in Finland, in terms of retail sales, in 2011 was valued at € 558 million. Table 2 below shows that between 2006 and 2011 there has been quite drastic changes in sales.

TABLE 2. Shoe sales 2006-2011 (Adapted from PTY annual reports 2007-2012)

	2006	2007	2008	2009	2010	2011
Sales / € million	522.6	553.3	553	524	537	558
% change	-	5,87 %	-0,05 %	-5,24 %	2,48 %	3,91 %

After enjoying growth in 2006 and in 2007, the Finnish footwear sales faced a wall in 2008. The down swirl in 2008 and in 2009 may be explained with weather and the recession. Finnish footwear sales lean on Finnish seasons and thrive upon summer and winter sales. Whenever winter comes late to Finland the footwear retail feels the heat. Customers postpone their shoe purchasing as long as they can and buy their winter shoes when it is necessary. According to the Finnish Meteorological Institute the winter between 2007 and 2008 was exceptionally mild. Although in most of Finland, despite mild weather, winter started at its typical time, in southern Finland the mean temperature fell below zero in March 2008. (FMI 2012a) This meant that people living in southern Finland may have postponed their winter shopping until March, or even skipped the season entirely. Winter between 2008 and 2009 was more usual as winter in northern Finland started in late October and in southern Finland in late November / December. (FMI 2012b)

The world wide recession, which raised its head already in 2007, hit Finland in 2008. The decline in production and increase of unemployment weakened the development view of every industry. As a result consumer confidence plummeted in 2008 and in early 2009. (Statistics Finland 2011) Although Finland has still not dodged the economic down swirl completely, the consumer confidence is yet again rising and the footwear sales in 2011 rose to its highest since 2007.



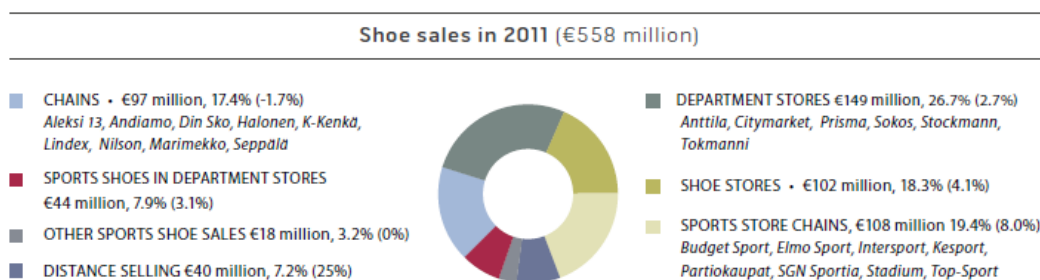


FIGURE 6. Shoe sales in Finland 2011 (PTY 2012, 33)

Figure 6 describes how footwear sales were divided between retailers in 2011. Department stores like Anttila, Citymarket, Prisma, and Sokos were dominant on the field with a market share of 26.7% in 2011. Sports store chains sprinted to the second place with a proportion of 19.4% followed by shoe stores with 18.3% close by. Footwear retail chains, which include K-Shoe, Andiamo, Din Sko, Aleksi 13, and Nilson, reached the fourth place with a market share of 17.4%. The leaving 18.3% was divided between sports shoes in department stores, e-commerce, and other sport shoes sales. (PTY 2012, 33) The division shows that sports footwear is in high demand among Finnish consumers.

#### 4.2.2 Buying habits, segmentation and trends

When buying shoes, it is said that Finnish consumers value price and comfort. The cold winters and rainy seasons demand good shoes that keep feet dry and warm. Many would like to see their shoes to last longer than one season and therefore rank quality more important than fashion. When compared to other Scandinavian countries, Finnish consumers buy fewer pairs per year. According to the CBI Market Survey in 2010, 55% of the annual footwear sales are made in the autumn season in Finland. (CBI 2010b, 1) However, there is a clear division between genders in footwear industry with women buying significantly more than men.

According to the Association of Textile and Footwear Importers and Wholesalers, in 2007 the sales of women footwear reached up to around 70% of all sales. Therefore, women are the most important segment for footwear. Children

footwear represented 18% of the market and men's footwear accounted for 14%. (CBI 2010b, 1-2)

Whether targeting women or men, consumers are increasingly interested in new trends, fashion and brands. Young adults in particular are experimenting with different styles, influenced by fashion, the media and by their own role models. In addition, younger consumers are spending more money on clothing and footwear than before. (CBI 2010b, 2-3)

People are open-minded towards fashion and are searching for more fashionable footwear. On the other hand, people in Finland are ageing with higher proportion of over-45s in the population. This stands for the fact that there is an increasing demand for comfortable, supportive, safe casual footwear. But one thing concerns both age groups; quality. After an era of cheap "one summer shoes", people are yet again starting to appreciate quality in their shoes; upper leather, rubber soles, and domestic production. In addition, ecological approach is appreciated. Consumers are aware of environmental issues and the ethical side of fashion is under a telescope. Ethically produced and environmental friendly products are in demand, even when talking about footwear. (CBI 2010b, 2)

The competition in the footwear field is tough with department stores, hypermarkets and clothing chains eating away from footwear retail stores concentrating only on shoes. Price competition is hard and footwear retailers are pressured to make changes in order to maintain their market place and competitive edges.

#### 4.2.3 Competitors

The footwear industry is blooming with many retailers offering the same products at approximately the same price. In addition, footwear e-commerce is raising its head by sizable marketing campaigns and clothing chains are bringing their own, cheaper footwear lines to the markets. Competition in footwear retail market can be divided in three by price, service, and e-commerce.

### *Hypermarkets*

Hypermarkets are a strong price competitor in the footwear retail market.

Hypermarkets such as Kesko Groups Citymarket and S Groups Prisma offer customers a wide product selections and competitive prices. In table 3 below a SWOT analysis over hypermarkets is offered.

TABLE 3. Hypermarket SWOT analysis

<b>Strenghts</b> <ul style="list-style-type: none"> <li>• Low / competitive prices</li> <li>• Diverse selections</li> <li>• “Everything under one roof” – methology</li> <li>• Strong marketing</li> </ul>	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>• Lack of service</li> <li>• Lack of high street brands</li> <li>• Lack of expertise of salespersonnel</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>• Possibility to widen selections</li> <li>• Developing e-commerce</li> </ul>	<b>Threaths</b> <ul style="list-style-type: none"> <li>• Growing e-commerce</li> <li>• Need for service</li> <li>• Customer loyalty</li> </ul>

Hypermarkets posses a clear competitive price advantage over common shoe retail stores. Hypermarkets offer customers everything from groceries, clothing, footwear, electronics and home appliances, cosmetics, entertainment, to toys, all under one roof. Hypermarkets are able to keep the prices low as they do not need to make the profit just from one product group. In addition, the purchasing volumes are larger which may affect the price. Most commonly hypermarkets offer a diverse selection of footwear from stilettos to sneakers. The weaknesses of hypermarkets are the lack of professional personnel and personal service. The personnel may not have knowledge over shoe materials and production. In addition, many high street brands such as Tamaris, Converse and Vagabond do not sell their products to hypermarkets.

In the era of the Internet is has, however, become easier to order products from abroad. Hypermarkets are able to bypass the Finnish suppliers by ordering shoes straight from the factory. In addition, hypermarkets have also started to utilize e-

commerce in their activities. As an example K Groups Citymarket offeres a wide range of shoes in their own online store.

Although hypermarkets may posses a competitive price advantage they still do not threaten the traditional shoe stores to a great extent.

### *E-commerce*

E-commerce has become more popular over the years and buying shoes from the Internet has become quite popular. In the past six months footwear online stores have managed to create quite large marketing campaigns. Brandos, Zalando and Heppo online stores have all taken their marketing into the next level; television. A SWOT analysis over footwear e-commerce is provided below.

TABLE 4. E-commerce SWOT analysis

<b>Strenghts</b> <ul style="list-style-type: none"> <li>• Competitive prices</li> <li>• Wide brand selections</li> <li>• Ordering is easy, fast, and safe</li> <li>• Open around the clock</li> <li>• Flexible return policies</li> <li>• Low cost start invesments</li> <li>• Cheap as a distribution channel</li> </ul>	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>• Lack of service</li> <li>• Unability to see or try the product before hand</li> <li>• Lack of proper outlet channels</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>• Rising popularity of e-commerce</li> <li>• Rising popularity of social media</li> </ul>	<b>Threaths</b> <ul style="list-style-type: none"> <li>• Shifts in customer preferences</li> <li>• Not in everybodys reach, dependent on the Internet</li> <li>• Possible changes in regulations, tariffs or surcharges when dealing with foreign companies</li> </ul>

The most important strenghts of e-commerce are competitive prices and wide brand selections. In many cases online footwear stores are able to provide shoes for lower prices than retail stores can. Online stores can also stock more products and keep wider selections from brands on stock. This is a clear advantage compared to retail stores where space is limited. In addition, online stores are

open 24/7, ordering is easy, fast, and safe and they offer flexible return and change policies. However, the weaknesses of e-commerce lie in its operating environment; the Internet. There is no service provided for the consumer. Consumers prefer to try on the shoes before purchasing them. Although e-commerce offers flexible return policies, many consumers may not want to go through the hurdle of getting the shoes from the post office just to notice that they do not fit, and then take them back. One of the most significant weaknesses of e-commerce is that they do not have a proper outlet channels for the products. If it is found that a specific shoe does not sell, it is put on sale. However, impulse buying from the Internet is not that common. Unsellable shoes may hang in the Sales-page for a long time.

#### *Shoe stores and chains*

Shoe stores and chains still possess a great market space in Finland. They are strengthening their brands to serve for consumers with different needs. Many independent shoe stores enjoy a strong customer loyalty after being in the markets for so long. Table 5 below presents a SWOT analysis over shoe retail stores and chains.

The most important strength of traditional shoe retail stores and chains is that they are able to provide quality customer service and knowhow for their customers. The personnel are trained and they are familiar with their products materials and production. Most commonly shoe stores have strong relationships with suppliers and large brand selection. In addition, in case of shoe retail chains, the private labels are a great strength. Examples of shoe stores and chains in the Finnish footwear market are KOOShoes, DinSko, Aleksii3, ZatZa, and Nilson.

TABLE 5. Shoe retail stores and chains SWOT analysis

<b>Strenghts</b> <ul style="list-style-type: none"> <li>• Quality customer service</li> <li>• Professional and trained personnel</li> <li>• Strong brand selections and private labels</li> <li>• Strong customer base and loyalty</li> <li>• Strong relationships with suppliers</li> <li>• Stylish outlook of retail store</li> </ul>	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>• A weak brand name</li> <li>• Inability to stock enough footwear</li> <li>• Forecasting fashion and trends</li> <li>• High marketing expenses</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>• Ageing population</li> <li>• Quality and environment aware customers</li> <li>• Marketing through social media</li> </ul>	<b>Threaths</b> <ul style="list-style-type: none"> <li>• Forecasting fashion and trends poorly</li> <li>• Substitute products</li> <li>• Competition selling products at a cheaper price</li> <li>• Delays in orders</li> <li>• Unavailability of marketed products</li> </ul>

The weaknesses of traditional shoe stores are possible weak brand name, the inability to stock enough footwear, and high marketing expenses. In addition, forecasting fashion and trends is critical.

## 5 CASE STUDY: COMPANY X

In this chapter the case company of the study, Company X is introduced.

Company X went through a concept change in February 2012. This chapter elaborates on the means taken to conduct the concept change. In order to gain more insight to the situation, [REDACTED]

\_\_\_\_\_ were interviewed. The interviews were unstructured in nature.

## 5.1 Company X chain in brief

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## 5.2 Company X in brief

[illegible]

[REDACTED]

### 5.3 Towards the concept change

*When company fixtures and fittings become outdated, it is time for a renewal. ([REDACTED] 2012)*

The concept change naturally originated from [REDACTED] own needs. The financial figures did not mount to expectations and company structure showed signs of obsolescence. In order to understand the customers' needs [REDACTED] conducted researches over consumer behavior for three years in a row. The studies showed that the markets and customer behavior had moved towards more fashionable, trend driven, and international direction. It became obvious that in order to stay competitive the company would have to start studying and renewing their own concept towards the directions of the markets. ([REDACTED] 2012)

[REDACTED]



When talking about models and patterns used in the concept change, [REDACTED] emphasizes that none were used. Finnish shoe markets are so different from any other European markets that no role models could be used. Finnish consumers need fashionable yet comfortable, trendy yet waterproof, edgy yet anti slippery shoes. Basically the new concept was built closely keeping in mind the Finnish consumer with all their needs. ([REDACTED] 2012)

### 5.3.1 Target customer groups

[illegible]

\_\_\_\_\_

\_\_\_\_\_

### 5.3.2 Product range

[illegible][illegible]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

### 5.3.3 Store outlook face-lift

The most significant changes in the concept change were the name and the logo, and the outlook of the stores. In the process of developing the new name and the logo [REDACTED] ordered three to four drafts from four different advertising agencies. [REDACTED] ended up receiving altogether 120 options from the four agencies. The present logo was chosen from Win Win Branding company's options. The logo was the key eye opener for the whole process as it was so different, fresh and modern compared to the old logos [REDACTED]. The logo opened up the paradigm for the whole concept change process. (Björklund 2012)

In the process of change the outlook of the stores faced a major modernization. The old and dated style was to be upgraded to stylish, modern outlook. The New Store Europe Oy was hired to help in the store visualization process. The new fixture and fitting designs and the large pictures to the walls was made in cooperation with the company. However, the designs were taken further internally in [REDACTED] with the help of two store designers of their own. The finished design was modern and up-to-date with light gray shelves and dark wood tables, bright pink benches and dark gray accent walls. A promenade in the middle of the stores was designed to showcase new selections and campaigns.

#### 5.3.4 From design into practise

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

#### 5.3.5 Marketing procedures

[REDACTED]

[REDACTED] Company X wants customers to know that next to comfort they offer fashionable and trendy shoes. The more fashionable shoes are brought to customers' knowledge by campaigns and product promotions.

[REDACTED] has also harnessed the marketing platform offered by the social media. [REDACTED] has opened up a Facebook page from where customers can learn about new trends, new products and new promotions. In addition, a new [REDACTED] Club was developed for customers to join. [REDACTED] Club offers its members changing promotions and benefits. It has been studied [REDACTED] that the members of [REDACTED] Club buy at a 7% higher amount for 7% more often in a year than customers who are not members of the club.

#### 5.3.6 Online store

Since the beginning of the concept change process it was clear that an online store would be developed [REDACTED]. As the product selection varies between stores, the online store would provide consumers with products that are not necessarily available in their closest [REDACTED] store. In the online store customers could find the whole chain selection. In addition, the online store would serve as an emergency stock [REDACTED] in case they run out of some models. The online store has not yet opened.

### 5.3.7 Competitive advantages of the new concept

*The winner in the markets is going to be the one who can effectively combine a traditional retail store and an onlinestore.*  
(██████████ 2012)

██

██

██████████

██

██

██

██████████

██

In the centre of the competitive advantages of the ██████████ chain is the personnel. ██████████ offer quality customer service for its customers. The personnels are professionals of shoes and posses high level of confidence and credibility. In order to be so, ██████████ included the employees of the stores to the concept change.

The employees of ██████████ were informed about the change regularly and were trained to go through the change process by video lessons. ██████████

██

██

██

██

██

██

██ All in all, the sales personnel were well trained before the concept change to be the best they can be and to meet the expectations.

#### 5.4 The concept change in Company X

The concept change process in Company X started with making a timetable for the store makeover plan. The makeover plan was divided into product strategy, marketing, renovation, and training. The most important parts to consider were the start of renovation sales and the start of the actual renovation.

The renovation sales in Company X began in week 49 in 2011 and lasted for 10 weeks until the end of week 6 in 2012. The renovation crew came on the 30<sup>th</sup> of January and left on the 9<sup>th</sup> of February 2012. The store was open for customers the whole time.

Company X went through a major outlook change. Not only did the fixtures, fittings, floors and walls all change but the store space almost doubled. A wall between two business premises was broken down in order to increase the new store space to 340 square meters. The expansion enabled the store to stay open during the renovation period.

The Company X owner [REDACTED] is very happy with the concept change and the new store. She states that [REDACTED], the design groups and the renovation group did an excellent job with uplifting the dated store to present.

The owner states that the most important goal she set for the new store was to get more customers. [REDACTED]

[REDACTED] However, at this point the customer counter does not show signs of increase to previous years. In addition, sales goals for the year will not be reached. Despite not reaching the goals, the owner stays positive. The new store looks fabulous and the excellent personnel is ready to serve every customer who walks in from the store doors.

## 6 CONCLUSION AND RECOMMENDATIONS

This chapter provides conclusions for the case study. In addition, the reliability and validity of the thesis is evaluated and recommendations for further research are given.

### 6.1 Conclusion

Although [REDACTED] did not use any tools or models in their concept change design, pieces of marketing mix and branding can be indentified from the process. Whether intentional or not, nearly all 7 P's of the marketing mix can be identified from the concept change design. The only P left untouched was price. The pricing strategies Company X did not change in the process. In addition, positioning can not yet be defined as there should be a study over what attributes customers associate with the new Company X.

Product can be seen in the new product strategy [REDACTED]  
[REDACTED]. Place is seen in the online store, which, while serving customers, functions as a stock for [REDACTED]. Promotion can be seen in the marketing operations. The most obvious P is the packaging. Packaging includes every visual thing that the customer sees about the company. The Company X store went through a massive face-lift and now, they look consistently like modern shoe stores. Last but not least, the final P recognized from the process was people. In the new Company X service, professionalism and knowledge is appreciated. All Company X's and their employees got training for the new concept.

With the new concept came a new brand. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

## 6.2 Reliability and validity

In terms of reliability the study can be seen as satisfactory. It can be assumed that a repeated study would give the same results. However, as customer needs, preferences and behavior may shift quite unexpectedly, constant research and actions are to be taken to understand customer behavior better. The more time goes by between studies the more the market will change.

In terms of validity it can be concluded that the study was performed as promised. The research questions were answered and the objectives to study marketing concepts in practice were met as concluded in the previous chapter.

## 6.3 Suggestions for future research

The Company X concept change is a rather new one. At this point, it is too soon to evaluate the overall success of the change. Customers have not necessarily yet found the new Company X and/or are not familiar with it. It takes time before the success of the concept change can be credibly assessed. However, the success of the change would be interesting to study further.

This study left out all the numerical figures of the concept change and concentrated on the theoretical part. In order to understand the whole concept change process better, the figures – budgets, costs, profits – could be studied. In addition, the chain behind the brand and the benefits of chain development could be studied.

## 7 SUMMARY

The subject of the thesis originated from the author's own interest in the topic; concept change process. The thesis studied what are marketing and business concepts and the objectives were to find out how marketing and business concepts were implemented in the concept change process of Company X.

The focus of the theoretical part of the thesis was set on marketing and business concepts and strategies. The empirical part of the thesis was formed by a case study over Company X. [REDACTED]

[REDACTED] was interviewed to gain knowledge over the concept change process.

The outcome of the study indicated that the concept change process of Company X can be closely linked to the marketing mix theory.

For future research, a few suggestions were given. In order to understand the concept change process as a whole, financial figures could be included in the study. In addition, the success of the concept change could be studied in the near future.



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